

CHFA MULTIFAMILY UNDERWRITING STANDARDS SUMMARY



Debt Service Coverage Ratio	1.15 standard for all amortizing and payable debt, but may be adjusted depending on market conditions, operations or public policy considerations	
Loan-To-Value	80% of the lesser of total cost or appraised market value, but may be increased under certain circumstances	
Vacancy Rates	<u>Income Type</u> Up to 25% Area Median Income (AMI) > 25% up to 60% AMI > 60 % up to 80% AMI > 80% AMI and Market Rate Commercial Income	<u>Underwriting Vacancy Assumptions</u> 2.5 - 5.0% 5.0 - 10.0% 7.0 - 10.0 % 10.0 - 15.0% 20.0 - 50.0%
Proforma Trending Assumptions	Income: 2%, Expenses and Taxes: 3%	
Per Unit Operating Expense Range Guidelines	<u>Proforma Stabilized Year</u> The following amounts must be escalated by 3% compounded annually to derive expense range guidelines for future stabilized years and in all cases <i>Excludes Replacement Reserves and Real Estate Taxes</i> 101 units or more: \$5,500-\$8,500 per unit per year 31 - 100 units: \$6,000-\$9,000 per unit per year 30 units or less: \$6,000-\$9,000 per unit per year Supportive Housing: \$9,000-\$12,000 per unit per year It is expected that any applicant will ensure that the operating proforma included in its application will contain per unit expenses that fall within the guidelines provided above. Should there be compelling reasons to submit operating expenses that fall outside the range, the applicant is expected to provide complete written justification with a waiver request as part of its application. Please contact Ms. Patricia Rynn Sylvester, Administrator, Multifamily Housing Development with any questions at 860-571-4269 or email pat.sylvester@chfa.org.	
Replacement Reserve	<u>New Construction</u> Elderly: \$325 per unit per year Assisted Living: \$400 per unit per year Family & Supportive Housing: \$400 per unit per year	<u>Rehabilitation</u> \$350 per unit per year \$425 per unit per year \$425 per unit per year
Working Capital Deposit	Cash deposit or Letter of Credit equal to 1.0% Total Development Costs (TDC) [exclusive of costs relating to acquisition, reserves and syndication] + 6 months scheduled debt service posted at closing and released in stages post-completion	
Operating Deficit Reserve	Present value amount necessary to maintain 1.15 debt service coverage ratio for a minimum of 15 years, or in an amount and term to be determined by CHFA	
Developer Allowance/Fee	Up to 15.0% of TDC	
General Contractor Overhead & Profit and General Requirements	Overhead & Profit: up to 7.0% of construction costs (Divisions 2 through 16), General Requirements: up to 9.0% of construction costs (Divisions 2 through 16)	
Loan Term	Up to 40 years, fully amortizing	
Interest Rates	Please contact Ms. Patricia Rynn Sylvester, Administrator, Multifamily Housing Development - Phone: 860-571-4269 or email: pat.sylvester@chfa.org	
Market Study/Appraisal	Contracted by CHFA but paid for by the applicant	
Application Fee	For-profit applicants: \$2,500, not-for profit applicants \$1,250. Non-refundable fee to be paid at submission of a CHFA financing application. If financing is approved, fee amount will be credited against full Loan Commitment Fee	
Loan Commitment Fee	Collected upon execution of CHFA Loan Commitment Letter. Fees are as follows: 2.00% of loan amount up to \$1,000,000 1.75% of loan amount > \$1,000,000 up to \$2,500,000 1.50% of loan amount > \$2,500,000 up to \$5,000,000 1.25% of loan amount > \$5,000,000	
Other Fees/Reimbursables	Appraisals, Market Study, Environmental Review, Field Observation, CHFA third-party Legal fees are all reimbursable in the Development Budget, but the responsibility of the mortgagor/applicant	
Cost Certifications	General Contractor, Mortgagor, Low-Income Housing Tax Credit (LIHTC)	